Michael Green is Executive Director of the Social Progress Imperative, an initiative aimed at redefining how the world measures success. An economist by training, he is co-author (with Matthew Bishop) of *Philanthrocapitalism: How Giving Can Save the World* and of *The Road from Ruin: A New Capitalism for a Big Society*. Previously, Michael served as a senior official in the U.K. Government’s Department for International Development, where he managed British aid programs to Russia and Ukraine and headed the communications department. He taught Economics at Warsaw University in Poland in the early 1990s.

**Why was the Social Progress Index (SPI) developed and who was involved in its development?**

The original idea of developing an index to capture social progress goes back to the 2008 financial crisis. Together with my friend Matthew Bishop from the Economist, I wrote a book about the financial crisis, *The Road From Ruin: A New Capitalism for a Big Society*. One thing that we identified was that the financial crisis was very much a crisis of measurement. Then during the 2009 World Economic Forum Global Agenda Council, Matthew raised the need for developing an index capturing the level of social progress of a country.

A group of us started working on this idea in 2010 and then approached Professor Michael Porter from Harvard Business School to help us on the development of a Social Competitiveness Index, who then brought in Scott Stern from MIT. Beside the initial support of Avina Foundation, Skoll Foundation and Compartamos Banco from Mexico, we also got support from Cisco and Rockefeller Foundation. Deloitte joined us as key partner in 2013. So it was a big collaborative effort. The first SPI was then launched in a beta version in April 2013.

**Which dimensions does the SPI cover?**

First, the SPI is based only on social and environmental indicators. Most of the other composite indicators (e.g. the Human Development Index, the OECD Better Life Index, the Gross National Happiness Index) mix up economic and social measurements, while the SPI measures social progress without considering economic dimensions. The SPI is therefore a measure which is complementary to GDP, allowing comparisons between social progress and economic development as measured by GDP. Secondly, the SPI is focused on outcomes. For instance, it measures the health conditions achieved in a country and not expenditure on the health sector – so the SPI is a descriptive tool, not a normative one. Thirdly, the index is applicable to all countries, independently from their level of economic development.

The SPI is a useful tool for supporting both public debate and policy-making. This composite indicator covers three dimensions, broken down into 12 components and aggregates 52 distinct indicators into a single score; a country ranking is also available. Owing to its structure, it can be easily disaggregated in its different components. Therefore, it can be used in order to identify countries’ weaknesses and strengths.

The SPI measures social progress, i.e. how successful a society is at delivering social progress to its citizens, not how happy it is. The two aspects may sometimes overlap, but they refer to different concepts. The notion of social progress the SPI is based on three ‘dimensions’:

1. satisfying citizens’ basic needs (nutrition and basic medical care, water and sanitation, shelter, personal safety);
2. providing every citizen with the building blocks of a better life (access to basic knowledge, information and communications, health and ecosystem sustainability);
3. giving citizens the opportunity to pursue their hopes, dreams and ambitions free from obstacles and barriers (personal rights, freedom and choice, tolerance and inclusion, access to advanced education).
Which are the main strengths of the SPI in comparison with other measures of social progress?

One strength is that the SPI is built only on social and environmental indicators. This allows for comparisons with GDP trends: given a certain GDP level, countries’ performances on social progress may even substantially differ. In other words, economic and social progress may diverge. Furthermore, the SPI methodology is transparent, based on data from reliable sources such as the UN agencies.

And what are the main weaknesses of the index?

Our biggest challenges are data quality and availability. The best data available are not always as methodologically robust as we would like for issues such as shelter and mental health, for example. On Ecosystem Sustainability, data on greenhouse gas production would ideally be complemented by those on GHG consumption. I would also love to find data on the quality of life of people with disabilities, which is such an important issue but where there is presently no data. Using the best data we can find we have pretty good global coverage - 133 countries were covered by the 2015 Index, corresponding to the 94% of the world population – but our goal is to have a Social Progress score for every country in the world.

Has every component of the index the same weight?

All components of the index are equally weighted. Within each component, however, not all indicators are equally weighted. The different weights have been defined according to statistical techniques such as Principal Component Analysis. Further methodological information is available on our website.

What are the key findings from the 2015 SPI and what are the main differences to 2014?

Our key finding is that on average there is a positive relationship between economic growth and social progress. Wealthier countries such as Norway generally show better social outcomes than lower income countries. However, given a certain GDP level, the variability among countries can nevertheless be considerable. Hence, economic performance alone does not fully explain social progress. At any level of GDP per capita, there are opportunities for higher social progress and risks of lower social progress.

The 2015 SPI results were very similar to 2014. This is a good confirmation of the model’s robustness. This might be explained by the fact that the trend of the variables captured by the SPI (e.g. the adult literacy rate) depends on policies’ long-term effects. Nevertheless, the limited data availability (only 2014 and 2015 results are currently available) doesn’t allow for identifying any trend yet.

By looking at the social progress drivers, we didn’t find a significant correlation with income inequality, measured by the Gini coefficient. We did, however, find a strong negative correlation between social progress and poverty rates (both absolute and relative).

How could decision-makers make use of the findings from the SPI?

The SPI is a useful policy tool, which can contribute to defining development strategies aimed at fostering social progress as well as economic growth. An example of its application is provided by the measurement and monitoring of the national development plan of the Government of Paraguay - “Paraguay 2030” – which was recently launched. In this context, the SPI is used to measure the country’s social well-being and the impact of social investment.

How can you assure that your index is taken up by policy makers?

The SPI is a composite indicator, providing an aggregate score. It can therefore be easily understood by both policy makers and the general public. It has the potential to become a reference in the political debate on social progress, as GDP is for economic growth.

Could the SPI be applied at regional level, for example in Europe?

There are currently applications of the SPI in some regions of the Americas and of Europe. Several initiatives have already been launched to apply the SPI at regional level in Latin America. The first sub-national Social Progress Index was launched in August 2014 for 772 municipalities across the Amazon region of Brazil. The methodology has been adapted to the specific context: while the index has kept its structure of twelve components, the indicators have been slightly modified according to data availability and their relevance for those municipalities. For example, an indicator on educational attainment, for which data are not available at national level, and on waste collection and forestry, which are relevant in the Amazon region, have been included. The SPI framework has enough flexibility to be tailored to fit local contexts and realities.

In September 2015, the application of the SPI to 13 selected cities in Columbia will start, to provide useful and up-to-date information for urban policy makers. In the USA, Michigan has been the first state to adopt the SPI. The application of the SPI to some cities and other states across the US is planned in 2015. At the end of 2014, the development of a SPI prototype for the NUTS 2 EU regions started in cooperation with the Directorate General Regional and Urban Policy of the European Commission. As in the case of the Amazon region, the 12 components structure has been kept, but the set of indicators is currently being adapted to the specific context.

When do you expect the first results for the European regions?

In October 2015, we will launch a trial version for the EU area and a consultation process involving the most relevant stakeholders (governments, businesses and civil society). The feedback will be vital for further SPI development in Europe.

We would like to thank Michael Green for this insightful interview.

The full report is available here.
The social dimension of European Economic Governance

The EU Treaties and the EU Charter of Fundamental Rights cover several important social principles. A horizontal social clause introduced by the Lisbon Treaty requires the EU to promote a high level of employment, to guarantee adequate social protection, to fight against social exclusion and to ensure a high level of education and the protection of human health.

In 2010 the EU adopted the Europe 2020 strategy calling for a smart, inclusive and sustainable growth. Each of these areas are accompanied by a number of specific targets and flagship initiatives.

Inclusive growth (the aspect most relevant to social progress) is measured against the employment rate and the poverty or social exclusion headline target. The related targets to be reached by 2020 are increasing the overall employment rate to at least 75% and reducing, by at least 20 million the number of the people at risk of poverty and social exclusion compared to 2008. However, according to the latest available figures in 2013, 121 million in EU27 were at risk of poverty and social exclusion, i.e. almost every fourth person. The 2020 target of 96.6 million in EU27 seems therefore still far from being reached.

In light of the EU’s growing unemployment (especially for young people) as well as increasing inequality and poverty in the EU Member States, in recent years the European Commission has integrated some social principles in its economic governance system.

In 2013, the European Council agreed to include a non-binding Scoreboard of key employment and social indicators in the Joint Employment Report, annually prepared by the Commission and adopted by the Council of the European Union. The scoreboard contributes to strengthening the social dimension of the Economic and Monetary Union (EMU) by enabling a better and earlier identification of major employment and social problems. It includes five indicators: the unemployment rate, youth unemployment, real change in gross disposable household income, at-risk-of-poverty rate and inequalities (S80/S20 ratio).

Since 2014, the scoreboard is fully rooted in the EU economic governance framework. Also in 2015 it has been included in the Annual Growth Survey during the European Semester, the EU yearly cycle of economic policy coordination.

A number of efforts have been made to explore how indicators on social progress can be integrated into concrete policy recommendations. Among the approaches to measure social progress in Europe, the Bertelsmann Stiftung has developed the Social Inclusion Monitor Europe (SIM). The SIM combines the Social Justice Index and the Reform Barometer in order to better measure social justice and formulate concrete recommendations for policy reforms in individual member states and the EU28 as a whole.

Based on a cross-national survey, the Social Justice Index includes 27 quantitative and 8 qualitative indicators, associated with the six dimensions of social justice (poverty prevention, equitable education, labour market access, social cohesion and non-discrimination, health, and intergenerational justice).

The Report “Social Justice in the EU – A Cross-national Comparison” summarises the main findings for all the 28 EU member states, showing considerable heterogeneity in the ability to create a truly inclusive society. According to the latest figures, the wealthy northern EU countries (Sweden, Finland, Denmark and the Netherlands) have the highest ranks in social justice, while Bulgaria, Romania and Greece show the lowest scores.

In the spotlight

“...not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little.”

Franklin D. Roosevelt, American statesman and former President of the United States, Second inaugural speech, January 20th 1937.
The fourth edition of the Bertelsmann Stiftung Sustainable Governance Indicators (SGI) has been released. Covering 41 EU and OECD countries, the SGI aim at contributing to a factual and data-driven debate on good governance and sustainable policy outcomes. These 140 indicators combine quantitative data from official statistic sources with experts’ qualitative assessments. They measure sustainable governance with respect to three pillars: Policy Performance, Democracy and Governance. Results for 2015 show Scandinavian countries, Switzerland and Germany being the top performers, while Southern and Eastern European countries ranking among the weaker performers.

09.07.2015
Sustainable Governance Indicators 2015 published

The Co-Chairs of the Open Working Group on the Sustainable Development Goals (SDGs) have issued their long awaited “zero draft”, containing a proposal for 17 goals and 169 targets to be attained by 2030. This new set of goals addresses issues such as global poverty, inequalities and climate change. It should replace the original Millennium Development Goals (MDGs), which will expire at the end of the year. The formal SDGs adoption will take place at the UN Summit from 25 to 27 September 2015 in New York. The next step will be to develop a global indicator framework supporting the goals, which is planned to be developed by March 2016.

02.06.2015
Zero draft for Sustainable Development Goals released

The Yantian District of the Shenzhen City, in the Chinese Guangdong Province, has begun to implement a dual accounting, operating and promoting mechanism involving both GDP and Urban Gross Ecosystem Product (GEP). By putting an economic value on all ecosystem products and services nature provides for human well-being, the GEP captures the benefits provided to urban residents by improving their living environment. The aim is to calculate the two indexes yearly and achieve GDP growth without compromising GEP. Thanks to a change in energy and sustainable mobility policies, 150 million Yuan of ecological value were created and the GEP has increased between 2013 and 2014. The GEP development is in line with the new Eco-Civilization initiative, one of the 18th National Congress of the Communist Party of China’s top priorities.

23.04.2015
World Happiness Report 2015 reveals happiest countries in the world

The Sustainable Development Solutions Network (SDSN) has published the third edition of the World Happiness Report. Among the 10 countries showing the highest average life evaluations, there are only small or medium-sized western industrial countries, with Switzerland, Iceland and Denmark at the top. Changes in life evaluation between 2005-2007 and 2012-2014 might be related to a combination of differing exposure to the economic crisis, the quality of governance, trust and social support. By far the largest drops could be observed in Greece and Egypt, followed by Italy. However, there is evidence that a high quality social capital can keep or even improve subjective well-being also in case of natural disasters or economic shocks. The 2015 report analyses a number of issues, among which the neuroscience of happiness and children’s happiness.

10.05.2015
China implements Gross Ecosystem Product in Yantian District of Shenzhen

Read the full report
More information on the Sustainable Governance Indicators

Read the zero draft document
More information on the Sustainable Development Goals Working Group

Find more information
Read the summary
Read the full report
20.03.2015
Income is not the most important factor for life satisfaction

On March 20th 2015, the International Day of Happiness, Eurostat published a collection of subjective well-being indicators. This was the first time they have been gathered at European level. In 2013, EU residents rated their overall life satisfaction at 7.1 on average, on a scale of 0 to 10. Scandinavians were the most satisfied, while Southern and Eastern Europe residents generally expressed lower levels of life satisfaction. Having a very good health condition turns out to be the most influential factor for life satisfaction, followed by financial situation, labour market situation and social relations.

Read the Eurostat News Release
Find more information

09.02.2015
1st edition of Sustainable Cities Index released

The Sustainable Cities Index, developed by ARCADIS and the Centre for Economics and Business Research, ranks 50 of the world’s leading cities according to social, environmental and economic demands. Seven European cities are among the top ten, with Frankfurt, London and Copenhagen at the top. No North American city made it to the top ten, mainly due to rather weak performances with respect to environmental and social sub-indices. The index aims to support decision-makers to identify sustainable development opportunities.

More information on the website